

# AFCA News

Edition 5 - February 2020

## Compensation scheme of last resort

AFCA and its predecessor schemes have long advocated for a compensation scheme of last resort (CSLR) to fill a major gap in protection for consumers of financial services.

On 5 February 2020, AFCA published its [submission](#) to the Government's public consultation on the topic.

In AFCA's view, a compensation scheme of last resort is an important back-stop that ensures people who have been the victims of misconduct and lost out through no fault of their own can be compensated when the financial firm is unable to pay.

Without this measure there is a significant gap that will cause considerable hardship to consumers who have done nothing wrong, who have suffered financial loss, taken appropriate action through AFCA, only for that outcome not to be honoured by the financial firm.

Establishing a broad-based compensation scheme covering the financial services industry is also an important part of restoring consumer trust and confidence in the financial services sector following the Royal Commission.

This rebuilding of trust is in the interests of all financial services firms and all Australians.

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## Datacube

In November 2019, AFCA launched a new online tool which allows Australians to see how their insurer, bank, financial adviser, superannuation fund or other financial firm has responded to consumer complaints brought to AFCA.

In a move designed to increase transparency and consumer education, the [AFCA Datacube](#) includes information about the number of complaints received, how long it takes each member firm to resolve complaints and the number of times financial firms did not respond to a complaint. It also allows people to compare financial firms side-by-side.

The Datacube currently contains data for the 1 November 2018 – 30 June 2019 period and is being updated every six months. The next release of the Datacube is due on 10 March 2020 and will include data from 1 July – 31 December 2019. If you have any questions about the Datacube, you can call us on 1800 931 678, or email [comparativereporting@afca.org.au](mailto:comparativereporting@afca.org.au).



## Fairness project

Central to AFCA's key purpose and values is to provide fair, balanced and independent decision making in disputes between financial firms and consumers.

AFCA's jurisdiction requires us to do what is fair in all circumstances taking into account legal principles; applicable industry codes or guidance; good industry practice and previous decisions. This broad fairness jurisdiction is not new and echoes the jurisdiction of AFCA's predecessor schemes. It is a jurisdiction that has existed in external dispute resolution for more than twenty years and reflects how AFCA makes decisions. For superannuation disputes broadly we must review the decision of the trustee to ensure that it operated fairly and reasonably and in accordance with the trust deed and the relevant law.

AFCA's Fairness Project is designed to provide certainty about how AFCA assesses what is fair in a way that is clearly understood by all stakeholders.

The Fairness Project will explain AFCA's jurisdiction; outline how AFCA will handle complaints consistent with that jurisdiction; the approach it will adopt to decision making to ensure procedurally and substantively fair outcomes; and finally, set out its expectations for how AFCA and all parties will engage in dispute resolution.

We have been working in partnership with the University of Melbourne to articulate our jurisdiction and how AFCA assesses disputes between financial firms and their customers.

We have created a framework and tool which assist us to deliver consistent outcomes.

We have been engaging with a broad range of stakeholders to share and road-test our proposed framework and fairness tool.

Shortly, we will be releasing a consultation paper to get further feedback on the project. We encourage interested parties to make a submission.



## Responsible lending obligations

AFCA has strongly welcomed the Australian Securities and Investments Commission's (ASIC) [updated guidance](#) on responsible lending obligations.

The guidance provides greater clarity to financial firms in meeting their obligations and will result in fairer outcomes for consumers. It also provides clarity that the guidance does not apply to providers of credit to small businesses.

AFCA is in the process of developing separate approaches to responsible lending and small business lending. Our approach documents will outline how we assess these kinds of complaints and determine an appropriate remedy.

We look forward to discussing our new approach documents with stakeholders over the coming months.

## Natural disasters

AFCA has launched a support hotline to ensure priority service for those impacted by the devastating Australian bushfires.

The AFCA Bushfire Support Line (1800 337 444) and an online bushfire support information hub ([afca.org.au/bushfiresupport](https://afca.org.au/bushfiresupport)) is part of AFCA's disaster response process which identifies and expedites complaints about financial products and services from the impacted communities.

AFCA has activated its [significant event response plan](#) following the Insurance Council of Australia declaring the events a catastrophe:

- South East Coast storms and flooding – 4 February 2020
- VIC, NSW and ACT hailstorms – 21 January 2020
- South East Queensland hailstorms – 18 November 2019

AFCA will apply a streamlined, expedited process to resolve complaints from these impacted communities.

## Feedback and questions

If you have any financial questions, article suggestions or want to know more about AFCA processes, email [publications@afca.org.au](mailto:publications@afca.org.au) and we'll do our best to provide an answer in a future edition.

## Connect with us on social media

 @AustralianFinancialComplaintsAuthority

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 AFCA\_org\_au

## Member events

Member forums are an opportunity for the financial industry to come together and hear the latest complaint statistics and trends, updates on AFCA initiatives, case studies that highlight our approach to certain issues and ask questions to AFCA decision makers.

### 2020 forum dates

To register, please click the event/s you wish to attend and use the password 'AFCA' when prompted.

- [Sydney](#) – 9 April
- [Melbourne](#) – 15 April
- [Brisbane](#) – 20 April
- [Adelaide](#) – 24 June
- [Perth](#) – 25 June
- [Sydney](#) – 7 Oct
- [Melbourne](#) – 9 Oct
- [Brisbane](#) – 15 Oct

AFCA will also webcast some of the events. Further details about the webcasts will be released shortly.

For any questions about member events please contact [events@afca.org.au](mailto:events@afca.org.au)

## Contact us

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